

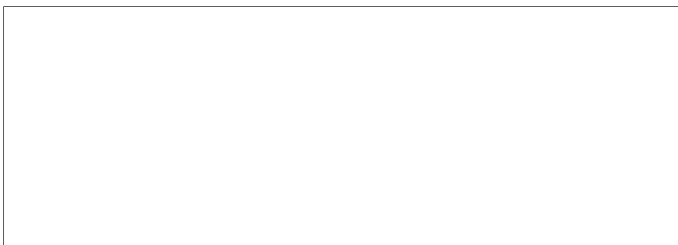
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MEMORANDUM FOR: Deputy Director for Support

SUBJECT: Management Improvement and Cost Reduction Actions

REFERENCE: Multiple Addressee Memorandum from the Special Planning Assistant to the DD/S, Subject: Government Economy, dated 9 December 1963

1. This memorandum is for information only.
2. During 1 January-1 December 1963, the Office of Logistics has accomplished management improvement actions by general category:
 - a. Major supply management improvements include reduction of inventory through establishment of stockage objectives, decentralized property accounting, prepositioning of repetitive items, establishment of direct cable communications with depots, consolidating shipments to overseas stations, automated crating equipment and improved utilization of automatic data processing.
 - b. More effective transportation procedures consist of reduction in the use of premium transportation for equipment and supplies, comparison of Agency vehicles with the Government mileage standard and limiting official personnel travel to less than first-class accommodations.
 - c. In management of printing production, changes in the format of customer requirements have increased production and reduced manhours required.
3. Attachment A is an expanded explanation of management improvement actions.
4. In the same reporting period, the Office of Logistics completed cost reduction actions totaling In general, these cost reductions are identified as:



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SUBJECT: Management Improvement and Cost Reduction Actions

a. Effective management of the procurement function resulted in cost reductions of:

b. Discontinued supply depot facilities:

c. Reduction in vehicle allowances:

d. Improved techniques in preparing and producing printed matter:

e. Analysis of logistics services operations:

5. More specific information on cost reduction items is in Attachment B.

JAMES A. GARRISON
Director of Logistics

Attachments:

As stated above

Distribution:

Orig. & 1 - Addressee

1 - OL Files (~~Official~~)

~~1~~ - OL/EO (*Official*)

1 - D/L Chrono

1 - OL/EO Chrono

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ATTACHMENT A

MANAGEMENT IMPROVEMENT ACTIONS

DURING 1 JANUARY--1 DECEMBER 1963

Planning Staff

1. In coordination with the Special Operations Division, DD/P, the Planning Staff established stockage objectives for ordnance, medical, communications and airborne material items of Project [redacted] Establishing of stockage objectives results in:
 - a. A reduced number of line items in the inventory.
 - b. Decreased quantities of items to be maintained.
 - c. Reduced total value of the paramilitary inventory.

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Supply Division

2. Property accountability was decentralized from Headquarters to [redacted] Included in this decentralization were the establishment of the Type I financial property accounting system and further delegations of authority. Benefit resulting from this is the elimination of document processing previously handled by the Headquarters Supply Division components.
3. Selected stocks of repetitive demand items have been positioned at [redacted] Benefits resulting from this are more rapid response to overseas demands for such items and the de-emphasis on Headquarters support with increased emphasis on the coastal depots' capabilities.
4. Establishment of direct communication channels (cable) between overseas stations and Supply Division domestic depots. Benefits resulting from this are more rapid response to customer demands and reduction of administrative paper work in the Headquarters elements.
5. Scheduling and consolidating shipments to selected principal overseas stations, such as [redacted] Benefits resulting from this are reduced cost of transportation, packing and crating supplies and labor.

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6. Installed a procedure for the use of CONEX containers for consolidation of cargo shipments [redacted]
[redacted] Benefits resulting from this are the complete elimination of packing requirements for individual shipments and a reduction in material and manhours required.
7. Automated equipment was installed [redacted] primarily in the packing and crating area, and we initiated improved packing and crating procedures. Benefits resulting from the installation of this equipment and improved procedures have enabled the depot to accomplish the progressively increasing workload without any additional manpower.
8. Elimination of manual postings to property records for the following functions within Depot Stock Control Branch:
 - a. Property-in-use records; and
 - b. Property turn-ins of material returned to Supply facilities from operational activities.

Benefits resulting from this are greater emphasis placed on the electronic data processing records and reports with a corresponding reduction in the clerical effort involved in document processing within the Depot Stock Control Branch.

Transportation Division

9. The Transportation Division has proposed a change to [redacted] which will result in the division approving the mode of transportation for Agency shipments both domestic and overseas. The objective is to reduce the use of premium transportation. The potential saving is \$800,000 per year.
10. The Transportation Division has routed memorandums to Agency components identifying vehicles which did not meet accepted Government mileage standards during 1963. The potential saving is \$2,000 for each vehicle eliminated.
11. [redacted] becomes effective 16 December 1963. This regulation requires that official air travel be performed in less than first-class accommodations. Potential annual savings are \$314,000 if all official travel is by commercial economy class.
[redacted]

Printing Services Division

12. Change in format of CBI intelligence surveys is requiring less manhours and increased production. This was just put into effect; savings cannot yet be computed.

ATTACHMENT B

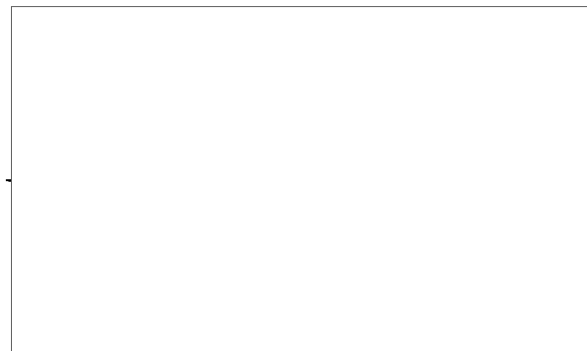
MAJOR COST REDUCTION ACTIONS ACCOMPLISHED

DURING 1 JANUARY 1963--1 DECEMBER 1963

Procurement Division


1. A detailed breakdown of procurement cost reductions would necessitate listing of individual contracts--a process resulting in a paper too voluminous for use here. The procurement function realized cost reductions through extending negotiations, eliminating or reducing overhead rates, fixing maximum overhead rates, rejection of company-sponsored research costs and raising percentage discounts on proprietary items. For the first eleven months of calendar year 1963 cost reductions to the Agency through effective management of the procurement function are as follows:

- a. Commercial procurement
- b. Government procurement



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Supply Division

2.  closed on 1 August 1963. Actual saving to date:



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Transportation Division

3. In coordination with FE, AF and NE Divisions, the Transportation Division reduced the Consolidated Table of Vehicular Allowances by 66 vehicles.



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Printing Services Division

4. Layout of material for printing of National Intelligence Surveys has been improved by using specially made grid and spray adhesive instead of scotch tape. Savings per year:
5. Plastic proofing of National Intelligence Survey material in preparation for printing. Saving per year:
6. Printing Clandestine Services and Office of Operations intelligence reports on both sides of the paper (in one operation and automatically collating). Saving per year:
7. Automatic operation of Linotype machines by perforated tape. Savings per year:
8. Automatic sorting and counting of Clandestine Services and Office of Operations intelligence reports (by developing a new mechanical device). Saving per year:

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Logistics Services Division

9. Engineer personnel detailed to the Logistics Services Division from the Real Estate and Construction Division reviewed customer requests for partitioning and modified requirements.
10. Engineer personnel reviewed proposed charges for modifications to

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11. Negotiation with the Office of Operations resulted in a modified special shuttle bus service to Saving per year:
12. Elimination of special shuttle bus service between downtown loca-
13. Staff employees modified the telephone company's recommendations for telephone installations.
14. The Logistics Services Division (in coordination with Real Estate and Construction Division and the General Services Administration) decided to use on-board maintenance capability instead of a maintenance contract with the Lammson Corporation for the pneumatic tube and conveyor systems in Headquarters.

Grand Total

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